

Rural Areas Show Signs of Revitalization

According to post-1990 indicators, favorable changes in population, employment, and income signal widespread improvement in economic performance across rural areas, although the rural-urban gaps in income and earnings remain large.

This issue of *Rural Conditions and Trends (RCaT)* provides the annual review of current conditions in the Nation's rural areas that reflect the socioeconomic well-being of rural communities and the people who live there. It also examines the nature and direction of rural trends in the 1990's and their prospects for continuation during the remainder of the decade. *Rural Conditions and Trends* last reported on socioeconomic conditions and trends in rural America in its Spring 1995 issue based on indicators for circa 1990-93 (Vol. 6, No. 1). The analysis presented in that issue cautiously pointed to a possible revitalization of rural areas following a decade of widespread economic stress and population decline. Based on the most recent indicators available, this issue shows that rural areas are experiencing widespread population growth and improved economic performance during the first half of the 1990's, providing further credence to the argument that rural America as a whole is undergoing an economic and population revival (table 1). Yet, even in the face of a possible rural revival, the levels of income and earnings from nonfarm jobs in rural areas continue to lag those in urban areas.

Most of the articles in this issue update analysis reported in the Spring 1995 issue, although depending on data availability, some base their analyses on different data sources. For example, the articles dealing with the nonfarm earnings and personal income primarily use county estimates from the Bureau of Economic Analysis rather than data from the Current Population Surveys on workers' earnings or household incomes. Depending on data availability, time periods for the analyses may vary slightly. This issue also includes an article that uses county migration data from the Internal Revenue Service to analyze the dynamics of intercounty immigration and outmigration patterns. Two articles report on the socioeconomic status of segments of the agricultural population. The main themes that emerge from this issue's articles are highlighted below.

Rural Population Growth in the 1990's Rivals That of the 1970's

The lead article reports that during 1990-95, the population living in rural and small towns increased by 1 percent per year—or a net gain of 2.6 million people—with about half (1.3 million people) resulting from net immigration. The excess of births over deaths accounts for 40 percent of the increase while international net migration accounts for the remainder. Rural population growth during the 1990's compares favorably with that of the 1970's rural turnaround when rural population growth surpassed urban growth.

Many more nonmetro counties are experiencing population growth in the 1990's than in the 1980's (fig. 1). Over 75 percent of nonmetro counties had population growth, up from 44 percent in the previous decade (see the Spring 1995 issue of *RCaT*, Vol. 6, No.1, p. 6.) One-third of nonmetro counties are growing faster than the national average. Furthermore, the rebound in rural population growth is widespread, extending across all regions in the country. Nearly 90 percent of nonmetro counties in the West had increases in population that accounted for one-third of all nonmetro growth. Even the Central region (primarily the Great Plains and Corn Belt), where the rural population declined 4 percent during the 1980's, experienced rural population growth in the 1990's, including some from the inmovement of people.

According to the article on migration patterns, changes in the balance between immigration and outmigration help explain the revival of nonmetro population growth in the 1990's when more people overall moved into nonmetro areas than moved out. However, the balance of immigration and outmigration varies from one rural place to another causing some rural areas to grow rapidly, some to grow modestly, and others to decline. For example, nonmetro counties with rapid population growth during the 1990's had both high rates of immigration and outmigration. Despite similar rates of immigration, other nonmetro counties experienced either modest population growth or population decline during the 1990's

Table 1

Indicators of nonmetro economic performance

Most population and economic indicators point to improved socioeconomic conditions during the 1990's despite wide rural-urban gaps in income and earnings

Item		Item	
	Percent		Percent
Annual population change:		Annual employment change:	
1990-95	0.95	1990-95	1.6
1980-90	.26	1980-90	.9
Immigration rate:		Average unemployment rate:	
1993-94	6.6	1990-95	7.1
1988-89	6.2	1980-90	8.8
Outmigration rate:		Annual change in earnings per nonfarm job:	
1993-94	6.0	1990-94	.6
1988-89	6.2	1980-90	-.6
Net migration rate:		Annual change in per capita income:	
1993-94	.6	1990-94	1.3
1988-89	0	1980-90	1.4
Poverty rate:		Annual change in per capita transfers:	
1994	16.4	1990-94	4.3
1989	15.7	1980-90	2.6
1979	13.6		
	1994 dollars		1994 dollars
Per capita income:		Rural-urban gap in per capita income:	
1994	16,964	1994	-5,918
1990	16,117	1990	-6,262
1980	13,954	1980	-4,971
Earnings per nonfarm job:		Rural-urban gap in earnings per nonfarm job:	
1994	21,826	1994	-8,093
1990	21,294	1990	-7,586
1980	22,639	1980	-5,465
Per capita transfers:		Rural-urban gap in per capita transfers:	
1994	3,560	1994	57
1990	3,007	1990	54
1980	2,330	1980	-103

Source: Other articles and appendix tables in this issue.

because of differing rates of outmigration (fig. 2). In 1993-94, all economic types of non-metro counties had a net influx of population because their rates of immigration exceeded their rates of outmigration.

Improved Economic Performance Is Widespread Across Rural Areas

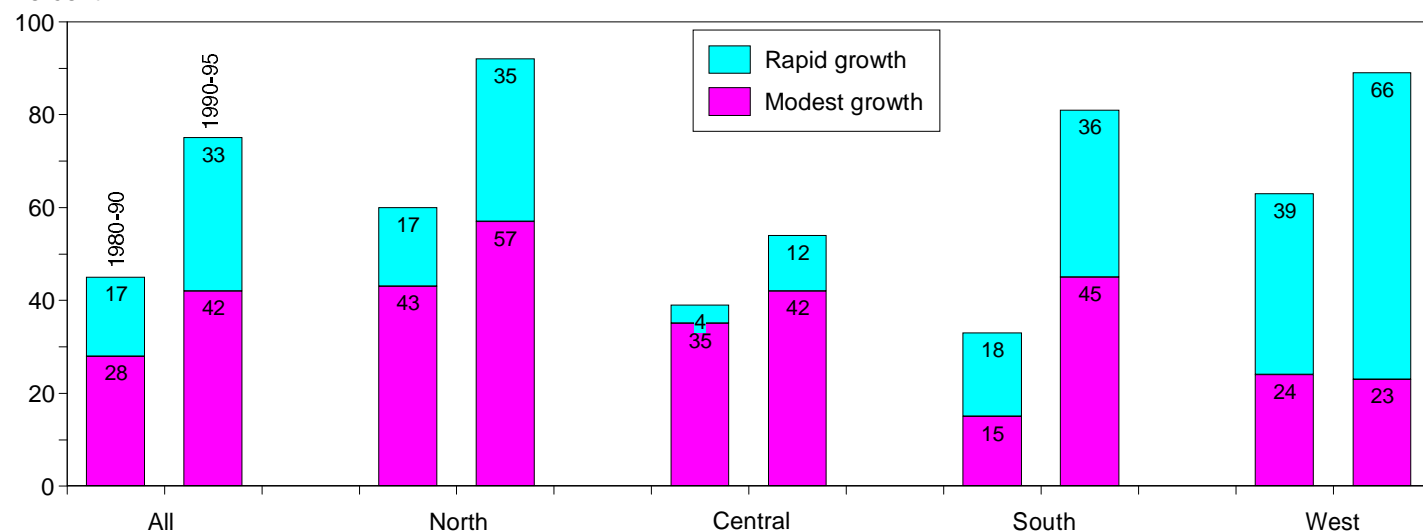
All of the articles reporting indicators of economic performance indicate that the rural economy as a whole is performing considerably better in the first half of the 1990's than in the 1980's. Average annual employment growth is up (1.6 percent per year versus 0.9

Figure 1

Share of nonmetro counties with increasing population by region, 1980-90 and 1990-95

Many more nonmetro counties experienced population growth during the nineties than the eighties

Percent



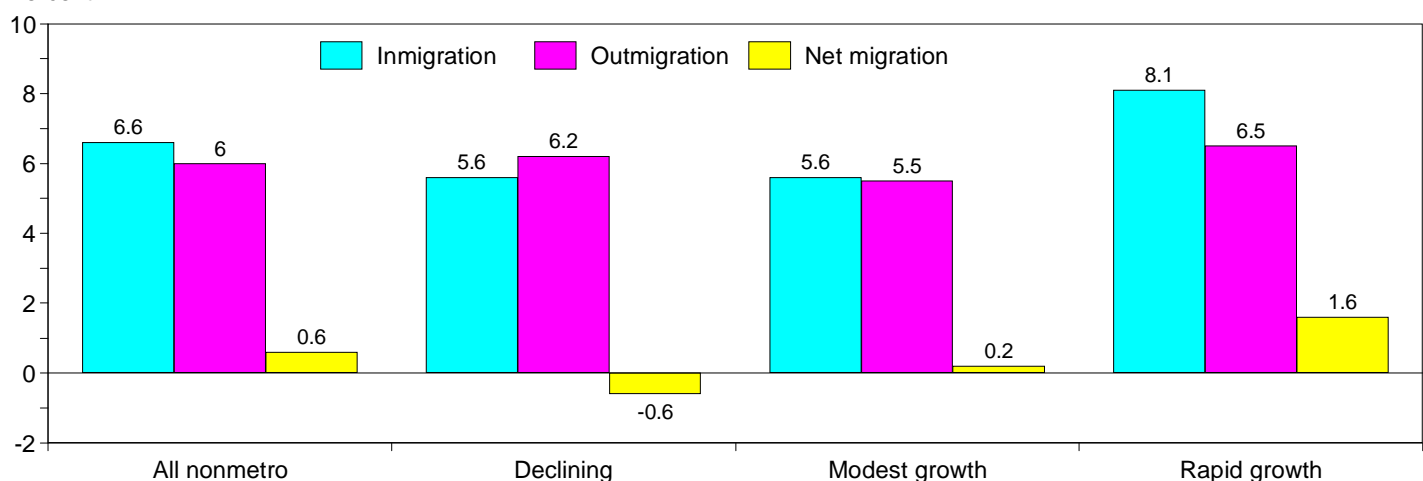
Note: See appendix for definition of rapid and modest growth.
Source: Calculated by ERS using data from Bureau of Census.

Figure 2

Migration to and from nonmetro counties by county population growth types

During 1993-94, the interplay of immigration and outmigration shaped different patterns of net migration

Percent



Note: See appendix for definitions of rapid and modest growth.
Source: Calculated by ERS using data from the Internal Revenue Service.

percent), while annual average unemployment is down (7.1 percent versus 8.8 percent). In 1995 alone, the average nonmetro unemployment rate fell half a percentage point, reaching 6.2 percent—the lowest point since 1979. After a decade of decline, rural real earnings per nonfarm job appear to be on the rise, even growing at a faster pace than urban earnings per job. Real per capita income grew at a modest overall pace during the 1990's, albeit at a slower pace than during the 1980's, reflecting the effect of a decline in rural per capita income during the 1990-91 recession. During 1991-94, rural per capita income actually rose about 2.0 percent per year—faster than in the 1980's and approaching the income growth of the 1970's. Based on all indicators, the effects of improved economic performance are also widely benefiting rural counties in all regions and county types, though the benefits are stronger in some areas than in others.

. . .But Not Across All Rural Residents

All groups of rural residents are not participating equally in the benefits of improved economic performance. Despite a slight decline during 1993-94, the percentage of rural people with poverty-level income in 1994 remains higher than in 1979 and 1989. And income gains from improved economic performance are distributed unequally across rural households. In 1994, average household income grew fastest among the two-fifths of rural households with either the highest or lowest incomes, but grew more slowly among middle income households.

The socioeconomic status of farm operator households compares favorably with that of other U.S. households in both nonmetro and metro areas. In 1994, the average income of all farm operator households was about the same as that of other households, and average incomes of commercial farm operator households surpassed that of other households. Conversely, the socioeconomic status of hired farmworkers is deteriorating. Not only do hired farmworkers earn significantly less than most other workers, but real weekly earnings for full-time farmworkers fell 7 percent during the 1990's as a result of declining demand and continuing immigration of illegal aliens into the country to do farmwork.

. . .And Rural-Urban Gap In Income and Earnings Remains Wide

Even in the face of rural revival, rural areas continue to lag urban areas in important ways. During the 1990's, the rural-urban gap in real per capita annual income remained approximately \$6,000 or greater while rural nonfarm jobs in 1994 paid \$8,093 per job less than urban jobs. Even with the rural revitalization of the 1990's to date, the rural-urban gap in real earnings per nonfarm job is wider now than it was in either 1990 or 1980. Rural economies also rely more heavily on transfer payments as a source of income than urban economies. In 1994, per capita transfer payments made up 21 percent of rural personal income compared to 15 percent of urban personal income.

National macroeconomic and demographic changes will affect the extent to which the rural population and economic gains reported in this issue continue into the second half of 1990's and beyond. However, the ability of State and local communities to deal with the challenges of building and sustaining strong rural economies is vitally important as well. [Peggy J. Cook, 202-219-0095, pross@econ.ag.gov]